Diversion of funds by private companies

5022. SHRI C. RAMACHANDRAIAH:
SHRIMATI VANGA GEETHA:

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has detected that a large number of companies have diverted funds taken from public sector banks and State Bank of India and its associates;

(b) whether this type of instances have come to notice in regard to foreign banks also;

(c) if so, the cases of diversions that have come to notice during the last three years and the names of scheduled banks in whose cases diversion of loans has taken place; and

(d) what steps have been taken to check this practice and recover the funds so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) Reserve Bank of India (RBI) has reported that on the basis of the information received from the 95 scheduled commercial banks, diversion of funds were noticed in about 1000 cases during the last 10 years. However, the data reporting system of RBI does not generate the information relating to funds diverted by companies specifically.

(d) In most of such cases, the banks have either recalled the advances or have initiated legal action by filing suits for recovery of amounts. Incertain cases FIRs have also been lodged with the police and some cases are under reference to Board for Industrial and Financial Reconstruction (BIFR)/Appellate Authority for Industrial and Financial Reconstruction (AAIFR).

Depositors of Charminar Bank of Hyderabad

5023. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that 82,000 depositors of Charminar Bank of Hyderabad belong to one community residing in five districts of Andhra Pradesh;

(b) if so, whether Reserve Bank of India has expressed apprehension that a large number of banks run the risk of harbouring ISI influenced depositors; and

(c) what steps are proposed to be taken to check banks going the Charminar bank's way?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Government and Reserve Bank of India (RBI) have no information in this regard.

(b) Does not arise in view of above.

(c) With a view to protecting the interests of the depositors, RBI has taken various steps depending upon the intensity of the crisis on a case-to-case basis. Some of these include drawing up a time bound action plan for revival of banks identified as weak, issue of directions restricting lending, accepting deposits, incurring expenditure etc., recommending supersession of the Board of Directors and appointment of administrator in case of mismanagement, cancellation of licence and instituting criminal proceedings against the Board of Directors and other executives of the bank concerned, etc. In addition, RBI has also taken a series of policy measures to strengthen the regulatory measures like restricting the operations of co-operative banks in call money market, revising the norms of investment in Government and other approved securities, restricting the investment of funds as deposit with other co-operative banks, restricting the issue of bankers' cheques by urban co-operative banks, introduction of a system of Off-site surveillance on scheduled urban banks, etc.

Joint Committee for investigating trade and business links

5024. SHRI SANJAY NIRUPAM: Will the Minister of FINANCE be pleased to state:

(a) whether Government have constituted any Joint Committee to investigate the trade and business links of some of the companies with the Middle East countries and Singapore; and

(b) if so, the details thereof and the names of the companies under investigation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) No, Sir.

(b) Does not arise.

Vacancies of Income Tax Inspectors

5025. SHRI ANIL SHARMA: Will the Minister of FINANCE be pleased to state:

(a) the number of general category vacancies, both direct and departmental, separately, in the grade of Income Tax Inspector in Delhi, NOIDA, Faridabad, Gurgaon and Ghaziabad as on 1st May, 2002;